Government has also initiated the process of reforms and re-structuring of power sector which would improve the finances of the power utilities, thereby attracting private investment.

(vi) One hundred percent (100%) Foreign Direct Investment had already been permitted on the automatic approval route in respect of projects relating to electricity generation, transmission and distribution (other than Atomic Energy power plants). Recently, power trading has also been included in the above, subject to compliance with the regulations under the Electricity Act, 2003.

(vii) Recognizing the fact that economies of scale leading to cheaper power can be secured through development of large size power projects, the Government has taken an initiative for facilitating the development of a few Ultra Mega Power Projects of about 4000 MW capacity each under tariff based competitive bidding route using super critical technology. Power Finance Corporation has been identified as nodal agency and has set up special purpose vehicles to initiate the bidding process.

Rise in power tariffs due to power shortage

3453. SHRI C. RAMACHANDRAIAH: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that with the States trying to tie-up power from whatever limited sources available during the peak summer months, power tariffs for some of the deals recently signed have short up to Rs. 7-10 per unit;

(b) if so, whether the above said development will have a negative impact on the economy particularly with regard to the price discovery mechanism in the power sector;

(c) if so, what steps are being taken/proposed to be taken to address the price distortions that have cropped up due to uneven supply demand mismatch; and

(d) whether any financial package in the form of subsidy would be provided to the States which bear the high tariff burdern?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) to (c) The volume of electricity traded by the inter-state trading licensees constituted only about 2.28% of the total electricity generated during 2006-07 in the country. As per information available regarding the electricity traded by trading licensees who have been granted licence by the Central Electricity Regulatory Commission (CERC), the sale price and volume of electricity traded during 2006-07 is indicated below:—

Sale price (Rs.per kwh)	Volume (Million Kwh)	% to Total Volume traded
0.00-1.00	252.20	1.68
1.00-2.00		
2.00-3.00	1387.73	9.24
3.00-4.00	1781.01	11.86
4.00-5.00	7203.30	47.95
5.00-6.00	3936.84	26.21
6.00-7.00	461.67	3.07
TOTAL:	15022.74	100.00

Most of the power generated in the country is sold through long term power purchase agreements at tariffs fixed by the concerned Electricity Regulatory Commissions. During 2006-07, the weighted average cost of generation (tariff) of coal based thermal generating stations of NTPC was 152.29 paise/kwh; for gas based stations of NTPC it was 245.40 paise/kwh; for lignite based thermal generating stations of Neyveli Lignite Corporation (NLC) it was 171 paise/kwh and for gas based stations of NEEPCO it was 212.23 paise per kwh.

The price of electricity traded in the short term, therefore has only a marginal impact. However, this also has the potential of inducing faster setting up of new generating capacity and ensuring increased power availability, and in turn leading to higher economic growth.

It is also added that one of the objectives of the National Electricity Policy is to fully meet the demand by 2012, to overcome energy and peaking shortages and to have available adequate spinning reserve.

78,577 MW of capacity addition is proposed in the 11th Five Year Plan. To augment the power supply at competitive tariffs, the Tariff Policy provides that all future requirement of power be procured competitively by distribution licensees except in cases of a one time expansion of not more than 50% of the existing project capacity or where there is a State controlled/owned company as an identified developer. Even for the Public Sector projects, tariff of all new generation and transmission projects is required to be decided on the basis of competitive bidding after a period of five years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition.

The Central Government is also facilitating Ultra Mega Power Projects which are resulting in lower quoted tariffs.

With a view to arresting the rising trend in the trading margin charged by the electricity traders and protecting consumer's interest, CERC in exercise of its power under the Electricity Act, 2003 has fixed the trading margin of 4 paise/Kwh which could be charged by an inter-State electricity trader. In order to bring about equity, transparency and efficiency and better optimisation of limited resources, CERC has also passed an order stipulating, *inter-alia* the guidelines for setting up of a common platform for trading/power exchange to function under the overall regulatory oversight.

(d) No, Sir.

Availability of Power in Bihar

†3454. SHRI RAJNITI PRASAD: Will the Minister of POWER be pleased to state:

(a) the details of the schemes of Central Government to improve the availability of power in Bihar;

(b) the names of mega power projects which have been sanctioned in Bihar by Government;

(c) the quantum of electricity likely to be generated after the setting up of these projects; and

(d) whether the expected production of power will be sufficient to meet the demand of power?

†Original notice of the question was received in Hindi.